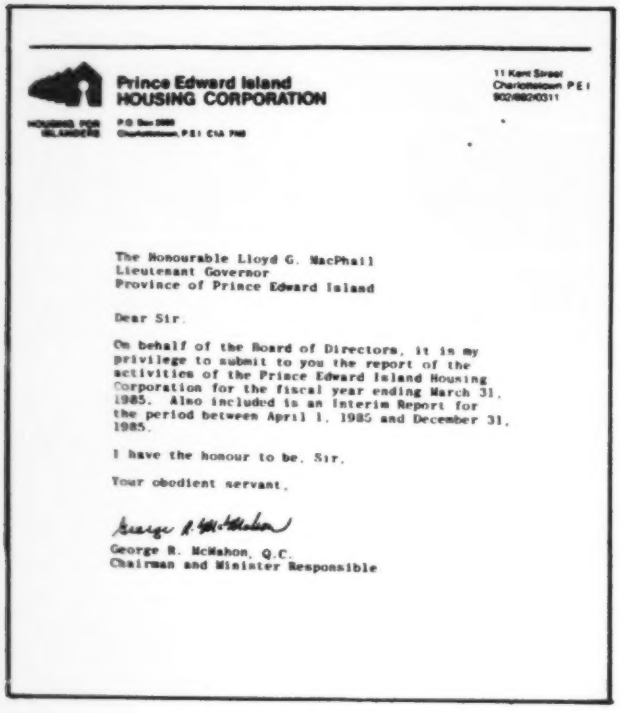
Annual Report 1984/85

with Interim Report to December 1985

PRINCE EDWARD ISLAND
HOUSING CORPORATION

Letter of Transmittal



Prince Edward Island
HOUSING CORPORATION

11 Kent Street
Charlottetown P E I
902/892-0311

P.O. Box 3000
Charlottetown, P.E.I. C1A 7N8

The Honourable Lloyd G. MacPhail
Lieutenant Governor
Province of Prince Edward Island

Dear Sir,

On behalf of the Board of Directors, it is my privilege to submit to you the report of the activities of the Prince Edward Island Housing Corporation for the fiscal year ending March 31, 1985. Also included is an Interim Report for the period between April 1, 1985 and December 31, 1985.

I have the honour to be, Sir,

Your obedient servant,

George R. McMahon, Q.C.
Chairman and Minister Responsible

TABLE OF CONTENTS

Letter of Transmittal 1
Board of Directors 2
General Manager's Review 3
Program Activities in 1984/85 5
Summary of Activities in 1984/85 9
Interim Report 10
Activities Overview and Organization 12
Map of Public Housing Locations 14
Organization Chart 16
Office of the Rentalsman 17
Financial Statements 21

Board of Directors

As at March 31, 1985

Honourable George R. McMahon, Q.C., Chairman
Minister Responsible for the
Prince Edward Island Housing Corporation

Bruce Clarke, Vice-Chairman
Charlottetown

Earle Arsenault, Secretary-Treasurer
East Royalty

Allison Croken
Charlottetown

John Forbes
Summerside

Kenneth Gunn
Summerside

Robert Carruthers
Alberton

Michael McCormack
Souris

George Whiteway
Dover

General Manager's Review

Housing plays an extremely important role in the social and economic well-being of our Province. The activities of the Prince Edward Island Housing Corporation have for many years contributed significantly to improved living conditions and to increased economic investment and this was once again very much the case in the period covered by this report. During the 1984/85 fiscal year, the Housing Corporation shared in the construction of 60 new housing units for low income families and seniors, processed approvals for home repair assistance for 690 dwellings and directly administered or assisted with a housing stock of 1,299 units. The Corporation's mortgage portfolio included 577 mortgages valued at approximately $7.6 million. The Housing Corporation also participated in the planning and financing of construction that will provide space for 212 beds in care facilities. In addition to improving housing conditions and providing greater security of tenure for many households, these programs and activities helped generate investment and job creation. The programs administered by the Corporation produced a direct expenditure of about $11 million in 1984/85 for housing construction and repair. Much of this spending came from private sources such as homeowners, or from federal sources. Maintenance and operating costs for social housing projects added another $3 million in spending across the Island.

The housing market, in general, experienced a productive year in 1985. The number of starts for the year reached 788, its highest annual total in six years. New residential construction has proceeded at a steady and healthy pace over the past three years which is a very welcome sign in a sector that has experienced a considerable amount of cyclical activity. Particularly pleasing over the past year has been the construction of a substantial number of rental units. This has helped vacancy rates in the urban areas rise from the very low levels of a few years ago to more moderate levels. However, while supply has increased, affordability continues to be a concern for both rental and ownership units. Another positive indicator for the sector was the strong interest in the real estate market. Sales were very strong in 1985 and although this did create some upward pressure on prices, the market functioned reasonably well. Home repair activity was also strong in 1985.

Among the highlights in 1985 were the introduction of two new provincially delivered housing programs. The Emergency Home Repair Program for Seniors, which commenced in April, provides a source of assistance to low and moderate income senior citizen homeowners who encounter emergency repair situations. This group of homeowners can be particularly vulnerable in emergencies and we are very pleased to help increase their sense of security in their homes.

The second new program, the Rural Community Housing Program, was introduced in August. This program provides for the construction of rental housing in established rural communities for modest income families. By providing a source of rental housing in communities where there is traditionally little such housing, the program will help working families stay or locate in these communities and, as a result, contribute to and support community development.

The P.E.I. Housing Corporation has, over the years, worked very closely with the federal housing agency, Canada Mortgage and Housing Corporation, on a number of housing initiatives that have brought very substantial benefits to

Islanders. These initiatives include such important programs as Senior Citizens and Family Housing, Public Non-Profit Housing, Rural Community Housing and the Residential Rehabilitation Assistance Program. The cost sharing and/or administrative arrangements on these programs in Prince Edward Island have emphasized a co-operative approach, while recognizing the P.E.I. Housing Corporation's local knowledge of needs and conditions and local delivery capabilities.

A meeting of the federal and provincial housing ministers in December, 1984, identified some concerns with current federal, federal-provincial and provincial housing initiatives. More particularly, the federal minister indicated at that time that he wished to see improved targetting of housing programs involving federal funding and increased provincial funding input on joint federal/provincial programs. The ministers concluded their meeting by agreeing to have their housing agencies proceed with consultations leading to possible new bi-lateral social housing agreements between each province and the federal government.

Substantial consultations have followed this direction over the past year, with many different proposals being put forward and considered by the involved parties. These consultations will be continuing into 1986 as the P.E.I. Housing Corporation attempts to secure appropriate federal and federal-provincial housing arrangements for Prince Edward Island. The past history of co-operation between the Housing Corporation and Canada Mortgage and Housing Corporation will hopefully serve us well in this endeavour.

As in past years, I would like once again to recognize and thank those who are involved in the housing sector and who have given us their assistance and co-operation throughout the year. This includes members of the local housing authorities, officials of the Canada Mortgage and Housing Corporation and representatives of many organizations and companies. Finally, I would like to express my appreciation to the Housing Corporation staff for their continuing professional and dedicated service to the residents of Prince Edward Island.

Ginger Breedon
Acting General Manager

Program Activities

Residential Rehabilitation Assistance Program

Since its introduction in September 1975, the Residential Rehabilitation Assistance Program has made a major contribution toward the improvement of housing conditions in Prince Edward Island. Within a decade, the program has already assisted in the comprehensive repair of almost 40 percent of the housing stock that existed in the province when the program was initiated. The most common type of work has involved structural repairs such as foundations, roofs, doors, windows, and siding. Following, in order of frequency, were upgrading of electrical systems, plumbing repairs, work to improve the fire safety of the units and repairs to heating systems.

Many of the approvals that have been made under the program have been processed by the P.E.I. Housing Corporation which acts as a delivery agent for this federally funded program. During the 1984 calendar year, the P.E.I. Housing Corporation processed a total of 535 approvals. Of these approvals, 497 were in rural areas and had a total forgiveable and repayable loan value of approximately $2,541,000. The remaining 38 units, which had a total loan assistance value of $157,000, were delivered in urban municipalities that have requested the Corporation to act as their delivery agent.

In addition to the approvals processed by the P.E.I. Housing Corporation, other approvals were processed by several individual municipalities and by the Canada Mortgage and Housing Corporation. When these approvals are added, the total number of approved units in the province in 1984 reached 783 with an assistance value of approximately $3.5 million.

The maximum loan amount available to homeowners was increased by CMHC in 1984 to $25,000 from its previous level of $10,000. The maximum forgiveable loan amount remained unchanged at $5,000 (or $6,250 for households undertaking repairs to make a home more adaptable to the needs of a disabled occupant). Landlords were also eligible for the program and could qualify for up to $3,500 per unit in forgiveable assistance to cover half the cost of the improvements. The funding for the program is provided by the Federal Government through the Canada Mortgage and Housing Corporation.

Provincial Contribution to Seniors — Home Repair Program

The Provincial Contribution to Seniors — Home Repair Program serves a two-fold purpose. First, it provides assistance to modest income senior citizen homeowners to make repairs to their homes. Second, it supports local community groups in making effective use of federal job creation opportunities through the Canada Community Development Program. The Provincial Contribution to Seniors — Home Repair Program provides grant assistance to be applied toward the cost of the materials used in the repairs. As a result, with the labour input from the job creation projects, repairs can be made at little or no cost to the seniors. Homeowners benefit through having repairs such as the replacement of doors and windows, the installation of insulation, the fixing of stairs, or other jobs requiring basic carpentry skills.

Four home repairs projects utilized funding from this program during the year. Home repair groups traditionally commence work late in autumn and complete their projects by the summer or early autumn of the following year. The activity of the groups in the November 1983 to November 1984 period was as follows:

	Approvals	P.C.S. Funding
West Prince Community Development Corporation	57	$35,900
Eastern Kings Community Advisory Board	55	$26,400
Southern Kings Community Development Corporation	34	$19,300
North Rustico Village Commission	9	$ 5,900
Totals	155	$87,500

In January 1985, five home repair groups began projects for the next project period.

The Provincial Contribution to Seniors — Home Repair Program provides grants of up to $750 per house for eligible homeowners who have reached the age of 60. The income eligibility is tied to the Old Age Security and Guaranteed Income Supplement, which are indexed, so that the income limits rise automatically with inflation. Single person households are eligible where annual income is less than $2,500 above the basic OAS plus GIS amount (approximately $9,500 in 1984) and couples are eligible where their income is up to $1,000 above the basic OAS plus GIS amount (approximately $13,500 in 1984).

Senior Citizens Housing

Four projects, providing 44 units, were started during 1984/85.

Charlottetown	22 units
Montague	8 units
Tignish	8 units
Souris	6 units

When completed, these units will bring the total provincial program portfolio to 954 units. These units are directly managed by the P.E.I. Housing Corporation. The map on pages 14 and 15 shows the locations and number of units for the Senior Citizens Housing portfolio in P.E.I.

In addition to the above noted projects, 1984/85 was an active year in opening new projects and placing tenants. The newly opened projects were located in Charlottetown (39 units), Cornwall (6), Kensington (6), Morell (6), Wellington (6), Wilmot (6) and Cardigan (4).

Senior Citizens Housing provides self-contained housing units for the elderly in communities throughout Prince Edward Island. Tenants for projects are selected in accordance with their need for housing assistance and their rents are based on a rent-to-income scale. The construction and operation of Senior Citizen Housing projects are financed under Section 40 of the National Housing Act. Under this section, the Federal and Provincial Governments cost share projects on a 75 percent/25 percent basis.

Family Housing

Three projects, totalling 16 units, were started under the Family Housing Program in 1984/85.

Summerside	12 units
Charlottetown	2 units
Georgetown	2 units

These new projects will raise the total number of Family Housing units in the province to 242.

In addition to the new construction, projects were also completed in 1984/85 in Cornwall (6 units), Souris (6) and O'Leary (5).

Family Housing projects are located in nine community centres on the Island. Each of these areas has a local Housing Authority which manages the projects. The members of the local Housing Authorities are local residents who provide their time without remuneration. The P.E.I. Housing Corporation is responsible for liaison with the Authorities and provides advisory assistance.

Funding for the construction and operation of Family Housing projects is shared on a 75 percent federal/25 percent provincial basis in accordance with Section 40 of the National Housing Act. Tenants are selected by the local Housing Authorities after an analysis of applicant needs. Rental charges are based on the income of the tenants.

Public Non-Profit Housing

The P.E.I. Housing Corporation has been playing an important role in the Province's efforts to make major improvements to its care facilities. A central part of this initiative is the construction of three projects that will provide long term care for elderly residents and those with special needs. In order to tap into available assistance under CMHC's Public Non-Profit Housing Program, the P.E.I. Housing Corporation has co-ordinated the applications for federal assistance and secured the financing for the projects. The federal assistance will reduce the effective rate of interest on the mortgage loans to as low as two percent. The P.E.I. Housing Corporation also assisted in the development of plans and arrangements for the construction and equipping of the facilities. The three projects, which have a combined capital construction value of $17.5 million, will be operated by the Province's Department of Health and Social Services.

The first of the three projects to be completed was the Wedgewood Manor in Summerside. This 76 bed facility, named in honour of the late Henry Wedge, a former Summerside mayor and provincial Cabinet Minister, was officially opened in February 1985. The second project, the Hillsborough Special Care Centre, was started early in 1984 and had progressed well toward completion by the end of the 1984/85 fiscal year. The Hillsborough Special Care Centre is an 80 bed care facility that will replace two older wings to the central building at the Hillsborough Hospital site. The third project was the Beach Grove Manor in West Royalty. It too will replace badly outdated facilities with a building that is safer, better equipped, more efficient and in line with contemporary standards. Construction on this 132 bed manor commenced early in 1985.

Helping Hands for Seniors Project

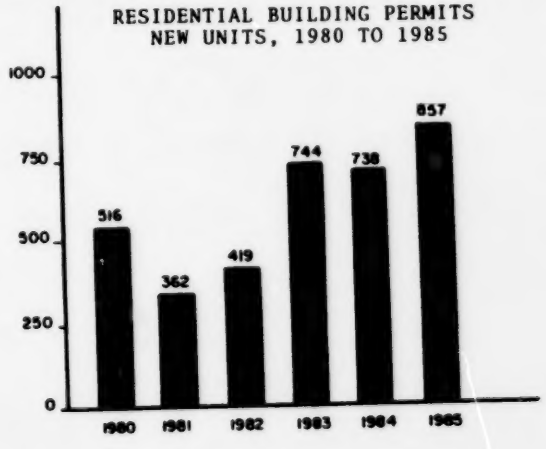
The Helping Hands for Seniors Project continued to offer a popular service to senior citizen homeowners and to provide useful employment for students. Activity under the project in the summer of 1984 matched that of the preceding year with 148 approvals for work including scraping, painting, yard clean-ups and minor maintenance jobs. Fourteen students, employed under the Provincial Youth Development Program, which is funded by the Department of Industry, worked on the 1984 project.

Summary of Activities

Summary of Program Activities for 1984/85
Prince Edward Island Housing Corporation

Program Area	Units Assisted	Expenditures/Comments
Home Repair Programs		
*Rural RRAP	497	$2,541,000
*Urban RRAP	38	$ 157,000
Provincial Contribution (P.C.S.)	155	$ 87,500
Rental Construction		
Senior Citizens Housing	44	$1,700,000 construction
Family Housing	16	$ 800,000 construction
Public Non-Profit		
Wedgewood Manor	76 beds	$4,200,000 construction
Hillsborough Special Care	80 beds	$5,700,000 construction
Beach Grove Manor	132 beds	contract awarded
Property Management		
Senior Citizens Housing	910	maintenance & administration
Social Housing	70	maintenance & administration
Rural & Native	38	maintenance & administration
Mortgage Administration		
Mortgages Administered	577	$7,674,000 mortgage value

*Figures are for 1984 calendar year. The figures are for approvals processed by the P.E.I. Housing Corporation and do not include approvals in P.E.I. by other delivery agents.



Interim Report (April — December 1985)

The Period In Review

New residential construction in 1985 reached its highest level in P.E.I. since 1979. Building permits were issued for 857 units during the 1985 calendar year, a 16% increase from 1984. Prince County, in particular, and especially the Summerside area, enjoyed a substantial increase in new construction. There were several factors that appeared to contribute to this strong performance including the lowest mortgage interest rates in several years and a reasonably good year in most provincial economic sectors with the notable exception of agriculture.

Two new housing programs were introduced by the P.E.I. Housing Corporation in 1985. The Emergency Home Repair Program for Seniors was initiated in April to provide a source of assistance to senior citizen homeowners facing emergency repair situations. The other new program, the Rural Community Housing Program, was announced in August. This program was undertaken both to provide rental housing for modest income families and to support development in established rural communities.

The year was also notable for the federal-provincial consultation process that will bring about several important changes to the future funding and delivery of housing programs in each of the provinces. This consultation process was ongoing at the end of 1985.

Residential Rehabilitation Assistance Program

The P.E.I. Housing Corporation processed approvals for 337 units in rural areas in 1985 and an additional 30 approved units were processed in the urban areas. These 367 approvals had a total forgiveable and repayable loan commitment value of approximately $2.0 million.

Provincial Contribution to Seniors — Home Repair Program

The five groups that undertook home repair projects during the late 1984 to fall 1985 period combined to make 234 approvals. These groups were active in Southern Kings and Queens (63 approvals), Eastern Kings (54), Charlottetown (47), West Prince (36) and the Evangeline Region (34). The program provided approximately $118,500 in grant assistance for these repairs.

Emergency Home Repair Program for Seniors

In its first nine months of operation, the Emergency Home Repair Program for Seniors provided assistance to 219 senior citizens households whose homes required immediate repairs. Approximately $112,000 in provincial grant assistance was provided to homeowners. The grants cover 50% of the emergency repair costs up to a maximum of $750 per grant. The income eligibility limits in the program are indexed and stood at approximately $14,000 for couples and $10,000 for singles as at December 1985.

Senior Citizens Housing

Official openings were held for the four projects that were completed in 1985. These projects were in Charlottetown (22 units), Montague (8), Tignish (8),

and Souris (6). Contracts were awarded in 1985 for 34 units of new construction consisting of projects in Sherwood (16), Summerside (14) and Tracadie Cross (4).

Family Housing

Projects were completed in Summerside (12 units), Charlottetown (2) and Georgetown (2). Contracts were signed for 28 units of new construction consisting of projects in Charlottetown (8), Alberton (6), Montague (6), Summerside (6) and Georgetown (2).

Rural Community Housing Program

Rural communities often have little or no rental housing available for rent. This new program helps make it possible for modest income families to remain or locate in such communities. The housing takes the form of houses that are in keeping with new construction in the communities and rents are based on income. Preference in the tenant selection process is given to working families. The program is cost shared on a 75% federal/25% provincial basis. The initial construction to take place under the program will be 13 units with houses to be located in Borden, Cardigan, Elmsdale, Fort Augustus, Kensington, Morell, Murray Harbour, Northport, North Rustico, St. Peters, Tyne Valley, Vernon Bridge and Wellington.

Public Non-Profit Housing

Construction began early in the year on the 132 bed manor in West Royalty to replace the old Beach Grove Home. An official opening was held in November for the 80 bed Hillsborough Special Care Centre.

Helping Hands for Seniors

Demand for the project grew in 1985 and a record high 171 senior citizen households were assisted, up 15% from 1984. Sixteen students were employed during the summer through the project.

Activities Overview and Organization

Background

The Prince Edward Island Housing Corporation is a provincial crown corporation whose central objective is to provide low and moderate income Island residents with increased access to adequate housing. The Province first initiated its own housing programs in the early 1960's when boards and agencies were established to undertake Senior Citizens Housing, Co-operative Housing and Family Housing projects. These agencies were brought together in 1969 as part of the Prince Edward Island Housing Authority. A revision of the housing legislation in 1975 changed the name of that body to its current designation, the Prince Edward Island Housing Corporation.

To carry out the Province's mandate in the housing sector, the Housing Corporation employs a staff of 47. Responsibilities of the staff include program and service delivery, maintenance, capital construction, administration, planning, financial management and rent review. The Corporation provides full time services on a regional basis in all five of the province's regions. Approximately 70 percent of the Corporation's staff are located in the regional offices.

Housing and the Economy

Residential construction represents one of the major sectors in the P.E.I. economy. In 1984, it accounted for a direct investment of $48.4 million for new construction and repair. Most of this spending was generated by the private sector. The majority of housing needs in the province have been, and will continue to be, met through the normal forces of the private market. Within the overall housing spending, however, provincially delivered housing programs play an important role. In addition to directing funds to housing projects and activities that would otherwise not take place, the housing programs help to lever other federal and private expenditures. The housing programs described in this report generated approximately $11 million in direct spending for housing construction and repair in 1984/85. When the multiplier effect is included, this program activity created approximately 380 work years of employment.

Organizational Structure

The actions of the Housing Corporation are conducted under the guidance of the Board of Directors. The Board is responsible to the Minister designated as responsible for the Prince Edward Island Housing Corporation. It has been traditional that the Minister is also appointed as Chairman of the Board. The chief executive officer is the General Manager. Reporting to the General Manager are the Rentalsman and the directors of the corporation's four divisions (the responsibilities of the Rentalsman are outlined elsewhere in this report).

The Field Services Division is responsible for the program delivery functions of the Housing Corporation. It is the largest of the Corporation's divisions and provides the staff for the five regional offices. Most members of the public have their contact with the Corporation through Field Services staff. Among the tasks performed by the Division are processing applications for assistance, conducting inspections, managing the housing stock owned by the Corporation, providing technical and administrative assistance to the local housing authorities, performing inspections for the Province on privately operated community care facilities and handling the day-to-day program inquiries.

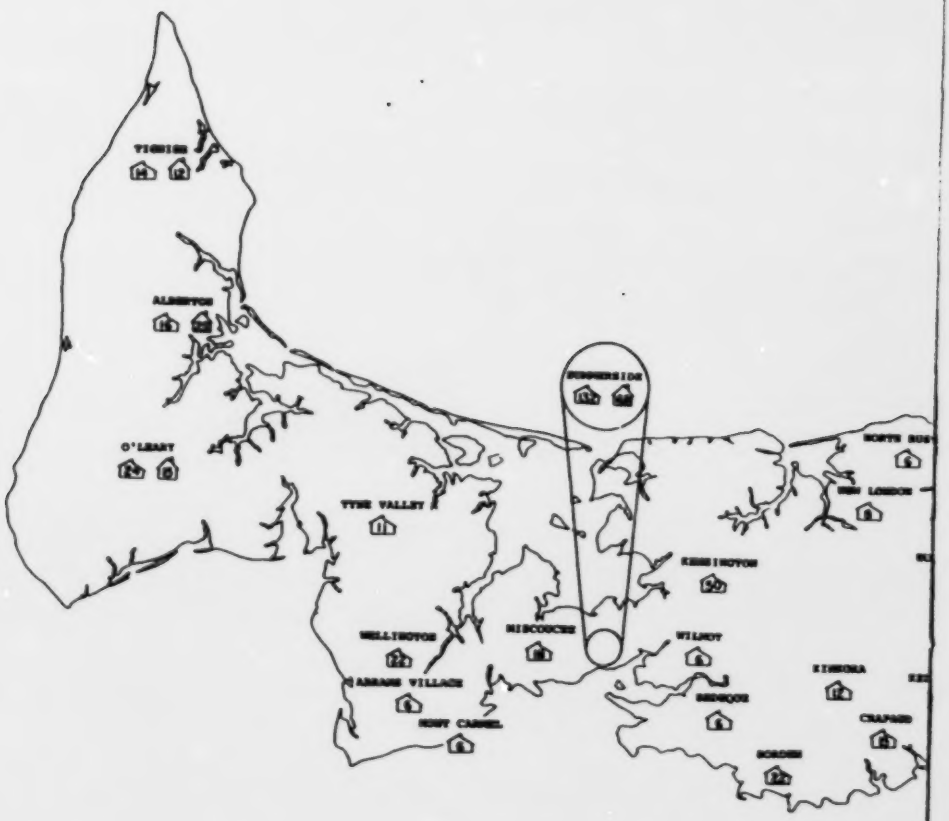
The Construction and Technical Services Division is responsible for the construction of capital projects for the Housing Corporation. Its duties include locating and evaluating sites for the projects, land acquisition, liaising with architects on project designs, reviewing tender package submissions in co-operation with CMHC, supervising the tender calls, monitoring construction and accepting the completed projects. The Division also provides technical services advice, where required, to Field Services.

The Management Services Division is responsible for the financial administration and management systems of the Housing Corporation. In the area of financial operations, the Division is responsible for preparing the Corporation's budget, monitoring spending, cheque disbursements, accounting records and financial control. The Division receives all mortgage and rent payments to the Corporation and administers the collection and arrears procedures. With respect to management systems, the Division is responsible for personnel, office operations including equipment and supplies, operating the Corporation's computer system, activity and monitoring reporting for programs and reviewing procedures for efficiency. In addition to their work for the Housing Corporation, several members of the Division provide financial management and personnel services to the Provincial Department of Community and Cultural Affairs.

The Planning and Co-ordination Division is responsible for policy development and review and for providing a full range of planning services, including assessment for housing needs, market analysis, program planning and maintenance of statistical records and housing data. The co-ordination functions include working with the other divisions in scheduling program delivery and budget take-up, reviewing program procedures and providing resource assistance, and the responsibility for liaison and negotiations with federal, provincial and municipal agencies. The Division handles the Corporation's input in the planning and financing of the Province's Public Non-Profit Housing projects. Public information also falls under the mandate of the Division.

LOCATION OF SENIOR CITIZENS A

PRINCE EDWA



NUMBER OF SCH UNITS

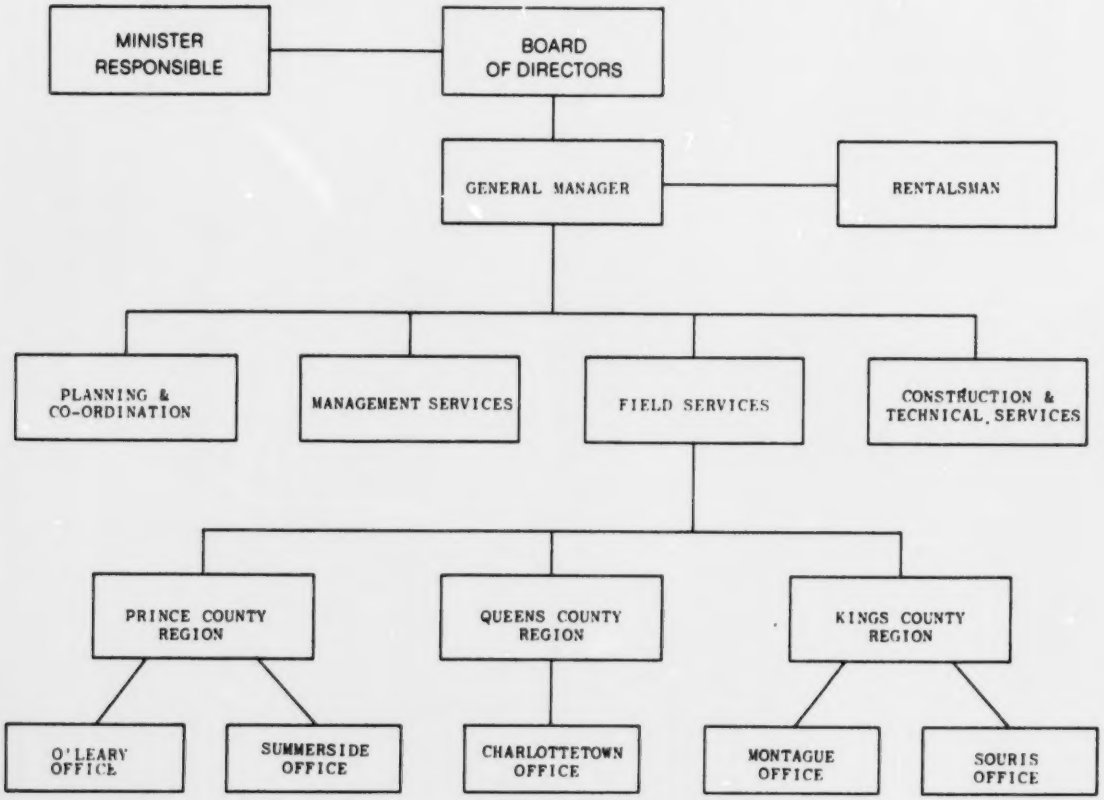
NUMBER OF PH UNITS

D FAMILY HOUSING PROJECTS

) ISLAND

DECEMBER 1985

ORGANIZATIONAL CHART
PRINCE EDWARD ISLAND HOUSING CORPORATION



The Office of the Rentalsman

The office of the Rentalsman has been associated with the P.E.I. Housing Corporation since 1981. The Rentalsman is responsible for administering the Rent Review Act and for answering inquiries on the Landlord and Tenant Act.

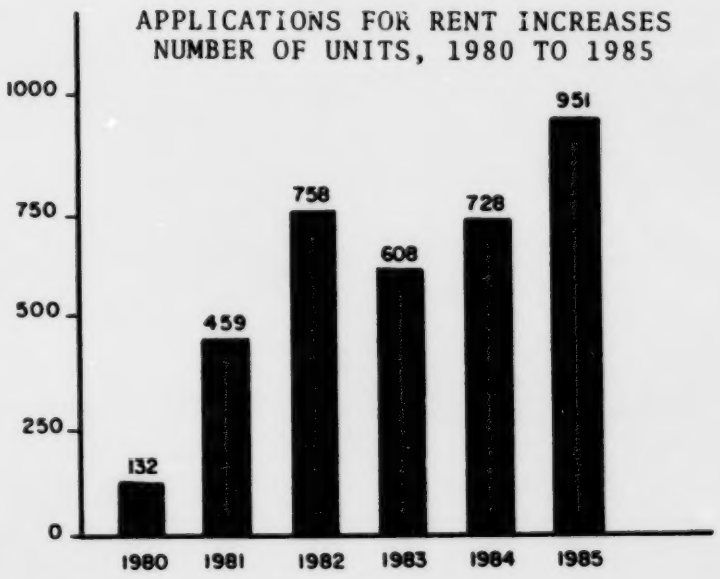
The Rent Review Act provides for landlords of residential premises to apply for approval of rent increases that exceed the allowable percentage established annually through the Act. Tenants must be given three month's written notice before a rent increase may be charged. An informal hearing is held on all applications to receive input from the landlord and tenant(s) and, after considering such factors as operating costs, expenditures on maintenance and the profit or loss of the landlord, the Rentalsman makes a decision on an approved rental charge. This decision is communicated in writing to the landlord and tenant(s).

The Landlord and Tenant Act outlines the rights and responsibilities that landlords and tenants have in respect to rental premises. Part V of the Act relates specifically to residential premises. Adjudication of disputes in matters governed by the Act is the responsibility of the Courts.

Activities 1985

The allowable percentage rent increase in 1985, as provided for through the Rent Review Act, was three percent for both heated and unheated units. Where there was no increase in 1984 the allowable increase could be five percent.

The tables on the following pages provide summary information on activity under the Rent Review Act in 1985.



Review of Tenancy Legislation

The Provincial Government announced in September 1985 that a review would be carried out of the current Landlord and Tenant and Rent Review Acts. In making this announcement, Government indicated that a discussion paper would be prepared and subsequently forwarded to a standing committee of the Provincial Legislature for discussion by the committee and input by interested groups and individuals. The objective of this review is to ensure that Provincial tenancy legislation is modern, fair and workable.

TABLE I — APPLICATIONS AND DECISIONS

	No. of Applications	No. of Units
APPLICATIONS 1985		
Applications Resulting in Decisions		
Applications for Rent Increases	249	951
Applications for Trailer Parks	1	85
Applications for Rooming Houses	0	0
Applications to Discontinue Service	8	98
Applications to Determine if the Act Applies	1	29
Applications Not Requiring Decisions		
Cancelled by Landlord	1	1
Tenants Moved Out	0	0
Application Not Required	0	0
Increase Not Allowable	0	0
Total	260	1,164
Applications Pending at Year's End	21	
Total	281	
DECISIONS 1985		
Residential Properties		
Rent Increase Approved	270	762
Rent Increase Not Approved	54	453
Discontinued Service		
Rent Increase Approved	0	0
Rent Increase Not Approved	2	2
Rents Reduced	6	96
Deemed Not a Discontinued Service	0	0
Total Orders Issued	334	1,313

TABLE II — RENT INCREASES SOUGHT AND APPROVED

	1985	1984
Rent increases applied for and approved	270	254
Number of units	762	417
Average Rent at Application	$295.86	$312.80
Average Increase Requested	$ 37.20	$ 34.35
Average Percentage Approved	12.57%	10.98%
Average Rent After Approval	$333.07	$344.92
Rent increases not approved as applied for	54	51
Number of units	453	321
Average Rent at Application	$367.95	$322.55
Average Increase Requested	$ 58.44	$ 44.79
Average Percentage Requested	15.88%	13.88%
Average Increase Approved	$ 24.41	$ 23.30
Average Percentage Approved	6.63%	7.22%
Average Rent After Approval	$392.36	$345.85
Consolidated Information		
Number of Units	1215	738
Average Rent at Application	$322.74	$317.67
Average Increase Requested	$ 45.12	$ 39.57
Average Percentage Requested	13.98%	12.45%
Average Increase Approved	$ 32.44	$ 28.82
Average Percentage Approved	10.05%	9.07%
Average Rent After Approval	$355.18	$345.38

Financial Statements

AUDITOR'S REPORT

To the Board of Directors of The
Prince Edward Island Housing Corporation

I have examined the balance sheet of the Prince Edward Island Housing Corporation as at March 31, 1985 and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1985 and the results of its operations for the year then ended in accordance with the disclosed basis of accounting applied on a basis consistent with that of the preceding year.

T. Kaptein, C.A.
Auditor General

Charlottetown, Prince Edward Island
October 23, 1985

PRINCE EDWARD ISLAND HOUSING CORPORATION
BALANCE SHEET AS AT
MARCH 31, 1985
(with comparative figures at March 31, 1984)

STATEMENT 1

ASSETS

	1985	1984
Current Assets		
Cash	$ 3,000	$ 8,000
Accounts Receivable	1,138,900	1,808,600
Deposit Receipts — Note 1(a)	172,200	188,700
	1,314,100	2,005,300
Mortgages Receivable	7,222,100	8,091,300
Investment in Properties		
Agreements for Sale — Note 2	654,000	671,500
Land for Resale — Note 3, 10	2,574,600	2,653,400
Federal-Provincial Projects — Note 4	5,193,800	4,507,000
Rental Housing Projects — Note 5	21,073,500	15,560,600
	29,495,900	23,392,500
Other Assets — Schedule 1	185,200	222,500
TOTAL ASSETS	$38,217,300	$33,711,600

LIABILITIES AND EQUITY

	1985	1984
Current Liabilities		
Bank Indebtedness — Note 6	$ 1,413,100	$ 1,162,300
Accounts Payable & Accrued Liabilities — Note 7	3,045,800	2,160,200
Notes Payable — Province of P.E.I.	2,003,100	2,200,000
	6,462,000	5,522,500
Long Term Liabilities		
CMHC — Note 8	16,071,100	16,893,100
Province of P.E.I.	6,920,300	5,089,000
Other — Note 9	4,138,300	1,511,700
	27,129,700	23,493,800
Reserves		
Co-operative and Social Housing — Note 1(a)	164,700	178,500
Replacement Reserve — Manors — Note 1(a)	6,300	—
	171,000	178,500
Equity contributed by the Province of P.E.I. — Schedule 2	4,454,600	4,516,800
TOTAL LIABILITIES & EQUITY	$38,217,300	$33,711,600

(NOTES 1 TO 11 ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS)

STATEMENT 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
STATEMENT OF INCOME
FOR THE YEAR ENDED MARCH 31, 1985
(with comparative figures for the year ended March 31, 1984)

	1985	1984
Income		
Appropriations from the Province of P.E.I.	$1,666,200	$1,282,800
Appropriations from reserve for home repair	—	56,000
CMHC operating cost recoveries	843,500	812,600
Administration fees	344,000	338,500
Rental income	2,021,200	1,732,500
Interest income	969,200	1,078,800
Sundry — Schedule 3	30,100	38,600
Total Income	5,874,200	5,339,800
Expenses		
Administration — Schedule 4	1,532,700	1,459,600
Operating — Senior Citizen Housing — Schedule 5	2,012,900	1,876,400
Interest	2,242,800	1,908,600
Grants issued — Schedule 6	85,800	95,200
Loss on Sale of Land	—	23,600
Total Expenses	5,874,200	5,363,400
Gain (loss) on operations	—	(23,600)
Provision for possible losses on land under development	—	(175,600)
Provincial contribution	—	199,200
Income (loss) for the year	$ —	$ —

(Notes 1 to 11 are an integral part of these financial statements)

SCHEDULE 1

PRINCE EDWARD ISLAND HOUSING CORPORATION
OTHER ASSETS
MARCH 31, 1985

	1985	1984
Emergency Power Generators — Note 11	$ 97,300	$109,500
Debenture Receivable	8,000	10,200
Repossessed Properties	75,500	28,700
Prepaid Expense	1,200	2,600
Stores Inventory	3,200	6,500
Sales Office — Hillsborough Development	—	65,000
	$185,200	$222,500

SCHEDULE 2

PRINCE EDWARD ISLAND HOUSING CORPORATION
SCHEDULE OF EQUITY
MARCH 31, 1985

Beginning balance — April 1, 1984		$4,516,800
Less: Deductions for the year		
— Restatement for Hillsborough Development — Note 10		(59,200)
— Senior Citizens Housing	$1,200	
— Family Housing	1,800	(3,000)
Equity contributed by the Province of P.E.I.		$4,454,600

SCHEDULE 3

PRINCE EDWARD ISLAND HOUSING CORPORATION
SUNDRY INCOME
MARCH 31, 1985

	1985	1984
Rebate on Grants Issued	$ 2,500	$ 3,200
Family Housing — Operations	26,800	33,500
Other	800	1,900
	$30,100	$38,600

SCHEDULE 4

PRINCE EDWARD ISLAND HOUSING CORPORATION
ADMINISTRATION EXPENSES
MARCH 31, 1985

	1985	1984
Salaries	$1,306,800	$1,243,000
Travel	92,100	77,900
Office and Administration	130,600	128,800
Loss on Disposal of Repossessed Property	2,100	7,200
Loss on Disposal of Land	1,100	2,700
	$1,532,700	$1,459,600

SCHEDULE 5

PRINCE EDWARD ISLAND HOUSING CORPORATION
OPERATING EXPENSES — SENIOR CITIZEN HOUSING
MARCH 31, 1985

	1985	1984
Repairs and Maintenance	$ 890,800	$ 923,100
Fuel	545,500	489,300
Utilities	233,600	212,500
Property Taxes	290,500	139,000
Depreciation	52,500	49,900
Installation of Emergency Power	—	62,600
	$2,012,900	$1,876,400

SCHEDULE 6

PRINCE EDWARD ISLAND HOUSING CORPORATION
GRANTS ISSUED
MARCH 31, 1985

	1985	1984
Mortgage Subsidies	$ 9,000	$10,600
Home Improvement Assistance	76,800	84,600
	$85,800	$95,200

PRINCE EDWARD ISLAND HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1985

1. Signficant Accounting Policies:

   (a) Trust Reserves are set aside for contingencies in co-operative and social housing and are offset by investments in deposit receipts with the Province of P.E.I. During the year a Replacement Reserve for a newly constructed manor was initiated and that amount is also invested in a deposit receipt with the Province of P.E.I.

   (B) Depreciation is recorded each year on the Senior Citizen Homes and Manors equal to the principal reduction in the corresponding long term indebtedness with Canada Mortgage and Housing Corporation and private lenders.

   (c) Depreciation is not recorded on Social Housing or Rural and Native Housing as the Corporations is hopeful of selling these properties to prospective tenants at cost.

   (d) The Federal-Provincial project costs are amortized over the life of the Federal-Provincial agreement. Accumulated amortization represents principal reductions to date on the original investments contained in the agreement.

2. Investment in properties under agreements for sale are recorded at cost less tenants' equity.

	1985	1984
Cost	$781,700	$780,600
Tenants' Equity	(127,700)	(109,100)
	$654,000	$671,500

3. Investment in land for resale consists of the following:

	1985	1984
Investment in developed land — at net realizable value	$ 994,700	$1,017,300
Land held for development or resale — at cost	1,579,900	1,636,100
	$2,574,600	$2,653,400

4. Investment in Federal-Provincial projects are recorded at housing cost less accumulated amortization and consists of the following:

	1985	1984
Family Housing	$1,759,400	$1,547,800
Senior Citizens Housing	3,451,100	2,972,700
Sub-total	5,210,500	4,520,500
Less: Accumulated Amortization	(16,700)	(13,500)
	$5,193,800	$4,507,000

5. Rental Housing properties are recorded at cost less accumulated amortization and consist of the following:

	1985	1984
Senior Citizens Homes	$ 9,115,300	$ 9,115,300
Home for Special Care	11,806,800	6,245,600
Rural and Native Housing	542,300	542,300
Social Housing	153,700	143,900
Sub-total	21,618,100	16,047,100
Less: Accumulated Amortization	(544,600)	(486,500)
	$21,073,500	$15,560,600

6. Bank indebtedness is guaranteed by the Province of P.E.I. At March 31, 1985, cheques issued and outstanding have been reclassified from Accounts Payable and Accrued Liabilities to Bank Indebtedness. The 1984 figures have been restated to reflect this change.

7. The Corporation has contractual obligations of $7,054,000 on the following construction contracts.

	Total Contracts	Amount Billed to March 31/85	Obligations
Senior Citizen Housing Units	$1,284,600	$1,013,200	$ 271,400
Homes for Special Care			
Wedgewood Manor	3,782,400	3,715,600	66,800
Riverside Home	4,873,900	4,312,000	561,900
Beach Grove Home	6,399,900	246,000	6,153,900
TOTAL	$16,340,800	$9,286,800	$7,054,000

Also, the Corporation is contingently liable for the following:

To approved program applicants for home repair grants	$11,200
To Canada Mortgage & Housing Corporation for Residential Rehabilitation Assistance Program Fund Recipients	32,800
Total	$44,000

8. Loans payable to Canada Mortgage and Housing Corporation consist of the following:

	1985	1984
Mortgages Payable	$ 4,191,900	$ 4,236,500
Debentures Payable	6,533,500	6,606,900
Loans Payable	5,345,700	6,049,700
	$16,071,100	$16,893,100

9. The Corporation had entered into a long term mortgage contract with a private lender for the purpse of financing a new home for special care. During the year the mortgage became fully advanced and was placed on repayment effective November 1, 1984.

10. The Corporation revised its treatment for the Hillsborough Development Land Assembly project during the year. Previously the Corporation had established a provision for possible future losses which was used as an offset to the developed land component of the project. During the year the Corporation realized the loss by eliminating the provision and adjusting the developed land to net realizable value. Carrying charges for the current year on the developed land were expensed and covered by provincial appropriations.

    The undeveloped land component of the project has been recorded at $1,410,000 which was its cost as at March 31, 1984. Annual carrying charges on this amount commencing in 1984/85 have been expensed and are also covered by provincial appropriation.

    The change in treatment resulted in the elimination of an equity account in the amount of $59,200.

11. The Corporations share of the cost of an emergency power installation program at its Senior Citizens Homes had been set up as an asset to be depreciated over a period of 10 years. The annual depreciation charge which commenced April 1, 1983 is $12,200.